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## Holidays Act Reform: Getting It Right for Seasonal and RSE Workers

Cabinet has finally pulled the trigger. After years of confusion, costly remediation, and endless payroll disputes, the Government has announced that the Holidays Act 2003 will be repealed and replaced with a new Employment Leave Act. Minister Brooke van Velden says the reforms will give “confidence and certainty” to both employers and employees.

On paper, the new Act looks like the clean slate many of us have been calling for. But for seasonal horticulture and wine-grape growers – and especially those employing seasonal and RSE workers – the test will be whether this law actually simplifies life in the orchard and vineyard, or whether it creates another layer of contradictions.

### What’s Changing

The headlines are significant:

- Hours-based accrual for leave. Full-time and part-time workers will earn annual and sick leave in proportion to hours worked.
- Pro rata sick leave. Entitlements scale with actual hours worked – no more blanket “10 days” for everyone.
- Casual workers compensated upfront. They’ll receive a 12.5% leave compensation payment for each hour worked, replacing the current 8% PAYG system. Additional hours beyond contract will also attract the 12.5% top-up.
- Parental leave fix. Returning parents will get their full pay when taking leave, ending the penalty they face today.
- Bereavement and family violence leave. Available from day one of employment.
- Clearer payslips. Mandatory pay statements each pay cycle, itemising pay and leave.
- Cashing up annual leave. Workers can request to cash up 25% of their balance each year, up from one week.
- One single leave payment formula. No more juggling multiple calculations.

There’s a 24-month implementation period once the Bill passes, to allow employers and payroll providers to adapt.

### Where This Helps

For mainstream employers, these changes are a relief. The hours-based system is more intuitive. Casual employees – a growing share of the workforce – will be better off with 12.5% leave compensation. Transparency through mandatory pay statements should reduce disputes.

For seasonal employers, the upfront 12.5% model could simplify PAYE arrangements for casuals. And a single payment formula is long overdue.

### The Catch for Seasonal and RSE Work

But here’s the rub: RSE Immigration Instructions already impose leave rules that don’t match this new approach. RSE workers are entitled to 10 days’ sick leave from day one, staged over the first four months. That is not pro rata – it’s a flat entitlement. Unless Immigration Instructions are rewritten, horticulture employers will be stuck between two regimes: the Employment Leave Act and INZ’s visa conditions.

Then there’s public holidays. Crops don’t stop for Labour Day etc. RSE and seasonal work agreements already require workers to be available on public holidays if asked. But working out whether the day is an “otherwise working day” under the current law has been a compliance nightmare. The new Employment Leave Act promises to fix this with a simple test: if a worker has worked at least 50% of the corresponding days of the week in the lead-up, then the public holiday is deemed an otherwise working day. That is a big improvement, but when seasonal staff work different days each week, how to apply this new rule will be the real challenge. Whatever is developed needs to be readily understood by employers and workers, be equitable and be straightforward.

### What Horticulture and Wine-Grapes Need

The horticulture and wine-grape sectors aren't asking for special treatment – just workable law:

- Align Immigration Instructions with the Employment Leave Act. No dual standards for RSE.
- Simplify public holiday tests for seasonal staff.
- Recognise minimum income guarantees and piece rates. These need to fit within the hours-based accrual model without fresh compliance traps.
- Provide payroll tools and guidance for small growers. Two years' transition is welcome, but only if it comes with real support.

### Conclusion

The Employment Leave Act could finally put decades of payroll headaches behind us. For parents, casuals, and payroll providers, today's announcement is progress. But for seasonal horticulture and wine-grape employers, the job isn't finished. Unless Cabinet ensures the new law integrates with RSE visa rules and simplifies public holiday compliance, growers will still face uncertainty and risk.

This reform is a chance to get it right – not just for office workers in Wellington – but for the pickers, pruners, and packers who underpin New Zealand's export economy. Simplicity and equity must go hand in hand.